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**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:
☐ All Debtors
☒ USA Commercial Mortgage Company
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA Capital First Trust Deed Fund, LLC
☐ USA Securities, LLC

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

Chapter 11

**Jointly Administered Under
 Case No. BK-S-06-10725 LBR**

**MONTHLY OPERATING REPORT FOR
 MAY 2006 (AFFECTS USA COMMERCIAL
 MORTGAGE COMPANY)**

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re: USA Commercial Mortgage Company

Case No. 06-10725-LBR

**CHAPTER 11
MONTHLY OPERATING REPORT
(GENERAL BUSINESS CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 05/31/06PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).
Dollars reported in \$1

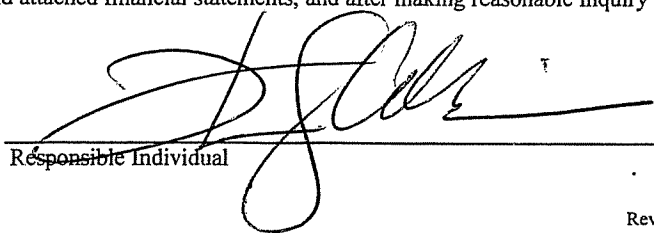
	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of April 13, 2006</u>
2. Asset and Liability Structure			
a. Current Assets	<u>\$57,027,304</u>	<u>\$55,625,420</u>	
b. Total Assets	<u>\$116,118,422</u>	<u>\$114,739,263</u>	<u>\$122,468,825</u>
c. Current Liabilities	<u>\$13,551,978</u>	<u>\$13,082,960</u>	
d. Total Liabilities	<u>\$75,152,660</u>	<u>\$74,836,717</u>	<u>\$61,634,630</u>
			<u>Cumulative (Case to Date)</u>
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	
a. Total Receipts	<u>\$1,288,852</u>	<u>\$16,200</u>	<u>\$1,305,052</u>
b. Total Disbursements	<u>\$449,611</u>	<u>\$53,883</u>	<u>\$503,494</u>
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	<u>\$839,241</u>	<u>(\$37,683)</u>	<u>\$801,558</u>
d. Cash Balance Beginning of Month	<u>\$538,549</u>	<u>\$576,231</u>	<u>\$576,231</u>
e. Cash Balance End of Month (c + d)	<u>\$1,377,790</u>	<u>\$538,548</u>	<u>\$1,377,790</u>
	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
4. Profit/(Loss) from the Statement of Operations	<u>\$1,063,216</u>	<u>\$894,653</u>	<u>\$1,957,869</u>
5. Account Receivables (Pre and Post Petition)	<u>\$15,983,579</u>	<u>\$15,421,648</u>	
6. Post-Petition Liabilities	<u>\$13,551,978</u>	<u>\$13,082,960</u>	
7. Past Due Post-Petition Account Payables (over 30 days)	<u>\$257,891</u>	<u>\$0</u>	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|-----------------------------|-----------------------------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u> </u> | <u>x</u> |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u> </u> | <u>x</u> |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | <u> </u> | <u> </u> |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | <u> </u> | <u>x</u> |
| 12. Is the estate insured for replacement cost of assets and for general liability? | <u> </u> | <u>x</u> |
| 13. Are a plan and disclosure statement on file? | <u> </u> | <u>x</u> |
| 14. Was there any post-petition borrowing during this reporting period? | <u> </u> | <u>x</u> |
15. Check if paid: Post-petition taxes X ; U.S. Trustee Quarterly Fees X ; Check if filing is current for: Post-petition tax reporting and tax returns: X .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 7/20/06


Responsible Individual

STATEMENT OF OPERATIONS

(General Business Case)

For the Month Ended 05/31/06

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$1,728,947		\$1,728,947	Revenues:		
		\$0	1 Gross Sales	\$2,921,551	
\$1,728,947	\$0	\$1,728,947	2 less: Sales Returns & Allowances		
\$0		\$0	3 Net Sales	\$2,921,551	\$0
\$1,728,947	\$0	\$1,728,947	4 less: Cost of Goods Sold (Schedule 'B')		
		\$0	5 Gross Profit	\$2,921,551	\$0
\$8,044		\$8,044	6 Interest		
\$82,000		\$82,000	7 Other Income:	\$8,044	
		\$0	8 Intercompany allocations	\$128,467	
			9		
\$1,818,991	\$0	\$1,818,991	10 Total Revenues	\$3,058,062	\$0
		\$0	Expenses:		
\$153,599		(\$153,599)	11 Compensation to Owner(s)/Officer(s)		
\$140,833		(\$140,833)	12 Salaries	\$230,953	
		\$0	13 Commissions	\$140,833	
			14 Contract Labor		
			Rent/Lease:		
(\$1,796)		\$1,796	15 Personal Property	\$2,900	
\$50,213		(\$50,213)	16 Real Property	\$83,340	
\$4,080		(\$4,080)	17 Insurance	\$7,200	
		\$0	18 Management Fees		
\$22,727		(\$22,727)	19 Depreciation	\$35,881	
			Taxes:		
\$11,535		(\$11,535)	20 Employer Payroll Taxes	\$24,702	
		\$0	21 Real Property Taxes		
\$12,283		(\$12,283)	22 Other Taxes	\$19,243	
\$10,213		(\$10,213)	23 Other Selling	\$27,819	
\$112,765		(\$112,765)	24 Other Administrative	\$157,446	
\$239,323		(\$239,323)	25 Interest	\$369,876	
		\$0	26 Other Expenses:		
		\$0	27		
		\$0	28		
		\$0	29		
		\$0	30		
		\$0	31		
		\$0	32		
		\$0	33		
		\$0	34		
\$755,775	\$0	(\$755,775)	35 Total Expenses	\$1,100,193	\$0
\$1,063,216	\$0	\$1,063,216	36 Subtotal	\$1,957,869	\$0
		\$0	Reorganization Items:		
		\$0	37 Professional Fees		
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees		
		\$0	42		
\$0	\$0	\$0	43 Total Reorganization Items	\$0	\$0
\$1,063,216	\$0		44 Net Profit (Loss) Before Federal & State Taxes	\$1,957,869	\$0
		\$0	45 Federal & State Income Taxes		
\$1,063,216	\$0	\$0	46 Net Profit (Loss)	\$1,957,869	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 05/31/06

Assets**From Schedules****Market Value¹****Current Assets**

1	Cash and cash equivalents - unrestricted		\$1,377,790
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$15,983,579
4	Inventory	B	\$0
5	Prepaid expenses		\$34,774
6	Professional retainers		
7	Other: Borrowers interest advances		\$29,957,914
8	Funds held in Collection account		\$9,673,247
9	Total Current Assets		\$57,027,304

Property and Equipment (Market Value)

10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$164,434
13	Office equipment	D	\$374,573
14	Leasehold improvements	D	\$64,255
15	Vehicles	D	\$0
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$603,262

Other Assets

22	Loans to shareholders		
23	Loans to affiliates		
24	Related Party loan		\$58,374,919
25	Retirement Plan intangible		\$103,416
26	Deposits		\$9,521
27	_____		
28	Total Other Assets		\$58,487,856
29	Total Assets		\$116,118,422

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		\$73,025
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$344,450
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: Retirement plan		\$1,025,535
42	Interest payable and other		\$387,841
43	Adjustment for Loan Servicing transactions		\$11,721,127
44	Total Current Liabilities		\$13,551,978

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities		\$13,551,978
----	--	--	---------------------

Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F	\$0
48	Priority unsecured claims ¹	F	\$169,742
49	General unsecured claims ¹	F	\$61,430,940
50	Total Pre-Petition Liabilities		\$61,600,682
51	Total Liabilities		\$75,152,660

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$38,932,893
53	Capital Stock		\$75,000
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		\$1,957,869
56	Post-petition contributions/(distributions) or (draws)		
57			
58	Market value adjustment		
59	Total Equity (Deficit)		\$40,965,762
60	Total Liabilities and Equity (Deficit)		\$116,118,422

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days		\$86,559	
31-60 Days		\$257,891	
61-90 Days			\$257,891
91+ Days			
Total accounts receivable/payable	\$0	\$344,450	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

Schedule B

Inventory/Cost of Goods Sold

<u>Types and Amount of Inventory(ies)</u>	<u>Inventory(ies) Balance at End of Month</u>	<u>Cost of Goods Sold</u>	
		Inventory Beginning of Month	
		Add -	
Retail/Restaurants -		Net purchase	
Product for resale		Direct labor	
		Manufacturing overhead	
Distribution -		Freight in	
Products for resale		Other:	
Manufacturer -			
Raw Materials			
Work-in-progress		Less -	
Finished goods		Inventory End of Month	
		Shrinkage	
Other - Explain		Personal Use	
		Cost of Goods Sold	\$0
TOTAL	\$0		

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____
Monthly _____
Quarterly _____
Semi-annually _____
Annually _____

Date of last physical inventory was _____

Date of next physical inventory is _____

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost _____
LIFO cost _____
Lower of cost or market _____
Retail method _____
Other _____
Explain _____

Schedule C
Real Property

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

Schedule D
Other Depreciable Assets

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0

Furniture & Fixtures -		
Total	\$0	\$0

Office Equipment -		
Total	\$0	\$0

Leasehold Improvements -		
Total	\$0	\$0

Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed¹</u> <u>Amount</u>	<u>Allowed²</u> <u>Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes	\$123,916	
Priority tax claims	\$45,826	
General unsecured claims - See Note 2 on Summary Page	\$61,430,940	

- (a) List total amount of claims even if under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America	Bank of America	Citibank	
Account Type	Analyzed Checking	Analyzed Checking	Business Account	
Account No.	3755532383	3755532419	500078217	
Account Purpose	General	Payroll	Citibank Interest	Petty Cash
Balance, End of Month	\$1,359,454	\$15,930	\$1,806	\$600
Total Funds on Hand for all Accounts	\$1,377,790			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 05/31/06**

		<u>Actual Current Month</u>	<u>Cumulative (Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales	\$1,091,092	\$1,107,292
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Management Fees from USA Capital Realty Advisors, LLC	\$195,273	\$195,273
8	Tax Refund	\$2,487	\$2,487
9			
10			
11			
12	Total Cash Receipts	\$1,288,852	\$1,305,052
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative	\$66,545	\$66,565
16	Capital Expenditures		
17	Principal Payments on Debt	\$150,292	\$150,292
18	Interest Paid	\$380	\$380
	Rent/Lease:		
19	Personal Property	\$2,169	\$2,169
20	Real Property	\$81,155	\$81,155
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)	\$107,479	\$161,342
27	Management Fees		
	Taxes:		
28	Employee Withholding	\$11,863	\$11,863
29	Employer Payroll Taxes	\$29,728	\$29,728
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33			
34			
35			
36			
37			
38	Total Cash Disbursements:	\$449,611	\$503,494
39	Net Increase (Decrease) in Cash	\$839,241	\$801,558
40	Cash Balance, Beginning of Period	\$538,549	\$576,231
41	Cash Balance, End of Period	\$1,377,790	\$1,377,790

STATEMENT OF CASH FLOWS
(Optional) Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 05/31/06

	Actual Current Month	Cumulative (Case to Date)
Cash Flows From Operating Activities		
1 Cash Received from Sales	\$1,091,092	\$1,107,292
2 Rent/Leases Collected		
3 Interest Received		
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses	\$66,545	\$66,565
Cash Paid for Rents/Leases:		
7 Personal Property	\$2,169	\$2,169
8 Real Property	\$81,155	\$81,155
9 Cash Paid for Interest	\$380	\$380
10 Cash Paid for Net Payroll and Benefits	\$107,479	\$161,342
Cash Paid to Owner(s)/Officer(s)		
11 Salaries		
12 Draws		
13 Commissions/Royalties		
14 Expense Reimbursements		
15 Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16 Employer Payroll Tax	\$29,728	\$29,728
17 Employee Withholdings	\$11,863	\$11,863
18 Real Property Taxes		
19 Other Taxes		
20 Cash Paid for General Expenses		
21 Management Fees from USA Capital Realty Advisors, LLC	(\$195,273)	(\$195,273)
22 Tax Refund	(\$2,487)	(\$2,487)
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$989,533	\$951,850
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$989,533	\$951,850
Cash Flows From Investing Activities		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments	\$150,292	\$150,292
42		
43 Net Cash Provided (Used) by Financing Activities	(\$150,292)	(\$150,292)
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$839,241	\$801,558
45 Cash and Cash Equivalents at Beginning of Month	\$538,549	\$576,231
46 Cash and Cash Equivalents at End of Month	\$1,377,790	\$1,377,790

USA COMMERCIAL MORTGAGE COMPANY - INVESTOR ACCOUNT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 05/31/06

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		\$947
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$0	\$947
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Pre-Petition Check Cleared by Bank after Account Closed		\$100,000
34			
35			
36			
37			
38	Total Cash Disbursements:	\$0	\$100,000
39	Net Increase (Decrease) in Cash	\$0	(\$99,053)
40	Cash Balance, Beginning of Period	\$1,877,080	\$1,976,133
41	Cash Balance, End of Period	\$1,877,080	\$1,877,080

Note:

1 - Check cleared by Wells Fargo on April 19, 2006 and not returned to account by the bank.

USA COMMERCIAL MORTGAGE COMPANY - INVESTOR ACCOUNT
STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/06

	<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
Cash Flows From Operating Activities		
1 Cash Received from Sales		
2 Rent/Leases Collected		
3 Interest Received		\$947
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses		
Cash Paid for Rents/Leases:		
7 Personal Property		
8 Real Property		
9 Cash Paid for Interest		
10 Cash Paid for Net Payroll and Benefits		
Cash Paid to Owner(s)/Officer(s)		
11 Salaries		
12 Draws		
13 Commissions/Royalties		
14 Expense Reimbursements		
15 Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct		
16 Employer Payroll Tax		
17 Employee Withholdings		
18 Real Property Taxes		
19 Other Taxes		
20 Cash Paid for General Expenses		
21 Pre-Petition Check Cleared by Bank after Account Closed		\$100,000
22		
23		
24		
25		
26		
27 Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$0	(\$99,053)
Cash Flows From Reorganization Items		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U S Trustee Quarterly Fees		
31		
32 Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33 Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$0	(\$99,053)
Cash Flows From Investing Activities		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments		
42		
43 Net Cash Provided (Used) by Financing Activities	\$0	\$0
44 Net Increase (Decrease) in Cash and Cash Equivalents	\$0	(\$99,053)
45 Cash and Cash Equivalents at Beginning of Month	\$1,877,080	\$1,976,133
46 Cash and Cash Equivalents at End of Month	\$1,877,080	\$1,877,080

Note:

1 - Check cleared by Wells Fargo on April 19, 2006 and not returned to account by the bank.

USA COMMERCIAL MORTGAGE COMPANY - COLLECTION ACCOUNT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/06

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales		
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Cash Received - See Attachment A	\$55,419,444	\$63,447,353
8			
9			
10			
11			
12	Total Cash Receipts	\$55,419,444	\$63,447,353
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Extension Fees Collected on Behalf of Commercial Mortgage	\$182,550	\$182,550
34			
35			
36			
37			
38	Total Cash Disbursements:	\$182,550	\$182,550
39	Net Increase (Decrease) in Cash	\$55,236,895	\$63,264,803
40	Cash Balance, Beginning of Period	\$17,081,325	\$9,053,417
41	Cash Balance, End of Period	\$72,318,220	\$72,318,220

USA COMMERCIAL MORTGAGE COMPANY - COLLECTION ACCOUNT

STATEMENT OF CASH FLOWS

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/06

		Actual Current Month	Cumulative (Case to Date)
Cash Flows From Operating Activities			
1	Cash Received from Sales		
2	Rent/Leases Collected		
3	Interest Received		
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s)		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Cash Received - See Attachment A	(\$55,419,444)	(\$63,447,353)
22	Extension Fees Collected on Behalf of Commercial Mortgage	\$182,550	\$182,550
23			
24			
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$55,236,895	\$63,264,803
Cash Flows From Reorganization Items			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		
30	U S. Trustee Quarterly Fees		
31			
32	Net Cash Provided (Used) by Reorganization Items	\$0	\$0
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$55,236,895	\$63,264,803
Cash Flows From Investing Activities			
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	\$0
44	Net Increase (Decrease) in Cash and Cash Equivalents	\$55,236,895	\$63,264,803
45	Cash and Cash Equivalents at Beginning of Month	\$17,081,325	\$9,053,417
46	Cash and Cash Equivalents at End of Month	\$72,318,220	\$72,318,220

USA Commercial Mortgage Company - Collections Account
Attachment A
May 1, 2006 - May 31, 2006

Borrowers	Receipts
3685 San Fernando Road Partners	\$ 85,750.00
5055 Collwood, LLC	114,248.54
5252 Orange, LLC	11,211.00
60th Street Venture, LLC	9,785.09
Amesbury/Hatters Point	966,251.08
Binford Medical Developers	81,412.50
Brookmere/Matteson \$27,050,000	34,552.61
Cabernet	76,250.00
Cloudbreak LV	39,583.33
ComVest Capital	44,687.50
Copper Sage Commerce Center, LLC	6,036.53
Cottonwood Hills, LLC	46,666.67
Del Valle - Livingston	195,888.07
Del Valle Isleton	6,603,604.23
Fiesta/Beaumont \$2.4m	25,000.00
Fiesta Murrieta	70,416.67
Fiesta Development \$6.6	71,500.00
Franklin - Stratford Investments, LLC	73,446.18
Glendale Tower Partners	75,833.33
Gramercy Court Condos	263,709.38
Hasley Canyon	75,000.00
HFA- Riviera 2nd	10,698,080.00
HFA- North Yonkers	28,168,402.75
Margarita Annex	255,666.56
Marlton Square	639,166.66
Marlton Square 2nd	121,333.34
Meadow Creek Partners, LLC	78,108.33
Oak Shores II	265,109.71
Palm Harbor One	114,000.00
Preserve at Galleria, LLC	111,785.94
Riviera - Homes for America Holdings, L.L.C.	5,767,361.09
SVRB \$4,500,000	5,260.99
SVRB 2nd \$2,325,000	31,000.00
Urban Housing Alliance	193,336.11
Total Receipts	\$ 55,419,444.19